

Message Text

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PAGE 01 CANBER 07125 060704Z
ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-02 INR-10
L-03 NSAE-00 NSC-05 PA-02 SP-02 SS-15 ICA-20
AID-05 COME-00 EB-08 FRB-01 TRSE-00 XMB-04
OPIC-06 LAB-04 SIL-01 OMB-01 STR-07 CEA-01 DOTE-00
/115 W

-----120651 060708Z /14

R 060025Z SEP 78
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC 4217
INFO AMCONSUL BRISBANE
AMEMBASSY JAKARTA
AMCONSUL MELBOURNE
AMCONSUL PERTH
AMEMBASSY PORT MORESBY
AMCONSUL SYDNEY
AMEMBASSY WELLINGTON
CINCPAC

UNCLAS CANBERRA 7125

CINCPAC FOR POLAD

E.O. 11652: N/A
TAGS: EFIN, EAID, ECON, AS
SUBJ: GOA FY 79 BUDGET OUTLAYS FOR SELECTED SECTORS

REF: CANBERRA 06507

SUMMARY:

1. AUSTRALIA'S 1978/79 BUDGET PROVIDES THE SMALLEST INCREASE
IN OUTLAYS IN 10 YEARS. THE OVERALL ESTIMATED INCREASE OF 7.7
PERCENT IS ROUGHLY EQUIVALENT WITH LAST YEAR'S INFLATION RATE.
HOWEVER, CERTAIN KEY GOVERNMENT SECTORS WILL BE SPENDING MORE
OVER THE COMING YEAR. OVERSEAS AID IS TO RISE 8.7 PERCENT.

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MOST BILATERAL AID WILL GO TO PNG WHILE SOUTHEAST ASIAN AND
SOUTH PACIFIC COUNTRIES WILL ACCOUNT FOR NEARLY ALL OF THE
REMAINDER. SOCIAL SECURITY AND WELFARE CONTINUES TO COMMAND
THE LARGEST SINGLE PORTION OF THE EXPENSE BUDGET. ALLOCATIONS
FOR INDUSTRY ASSISTANCE WILL RISE CONSIDERABLY OVER LAST YEAR,
AND THE TRANSPORT SECTOR IS ALSO SLATED FOR SUBSTANTIAL INCREASES
IN EXPENDITURE. ALL DOLLAR FIGURES ARE IN AUSTRALIAN DOLLARS;

CURRENT RATE IS AUSTRALIA DOLLAR 1.00 EQUALS U.S. DOLLARS
1.17 END SUMMARY.

2. FOREIGN AID

EXPENDITURES ON AUSTRALIA'S OVERSEAS AID PROGRAM IN 1978/79 ARE EXPECTED TO REACH DOLS 454,955,000. THIS IS AN 8.7 PERCENT INCREASE OVER ACTUAL OUTLAYS IN 1977/78, AND REPRESENTS ABOUT .45 PERCENT OF THE FORECAST GNP. ABOUT 85 PERCENT OF THE TOTAL AMOUNT IS EARMARKED FOR BILATERAL AID WITH BY FAR THE LARGEST SHARE GOING TO PAPUA NEW GUINEA. AUSTRALIAN AID FOR PNG IS TO RISE BY 14 PERCENT OVER THE PREVIOUS YEAR TO DOLS 233.5 MILLION. MOST OF AUSTRALIA'S REMAINING ASSISTANCE FUNDS WILL GO TO COUNTRIES IN THE SOUTH PACIFIC OR SOUTHEAST ASIA. INDONESIA, THE SECOND LARGEST RECIPIENT OF AUSTRALIAN AID.. WILL RECEIVED DOLS 29 MILLION, AND 14 OTHER COUNTRIES ARE TO OBTAIN PROJECT AID FROM GOA IN EXCESS OF ONE MILLION AUSTRALIAN DOLLARS. AUSTRALIA'S MULTILATERAL AID PAYMENTS ARE SLATED TO DECLINE BY 14 PERCENT TO DOLS 67 MILLION. OF THIS, DOLS 23 MILLION WILL GO FOR UN PROGRAMS, DOLS 12 MILLION FOR REGIONAL ORGANIZATIONS AND DOLS 32 MILLION FOR IFI'S.

3. SOCIAL SECURITY AND WELFARE

SOCIAL SECURITY AND WELFARE CONTINUES TO ACCOUNT FOR THE LARGEST SINGLE SHARE OF BUDGET EXPENDITURES, 27.8 PERCENT. THIS IS ABOUT THE SAME PERCENTAGE AS THIS SECTOR COMMANDED LAST YEAR. TOTAL DIRECT OUTLAYS ON SOCIAL SECURITY AND WELFARE ARE SCHEDULED TO UNCLASSIFIED

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INCREASE BY SEVEN PERCENT FROM DOLS 7,490.3 MILLION IN 1977/78 TO DOLS 8,014.7 MILLION IN 1978/79. DESPITE THE INCREASE, THE GOA MADE AN EFFORT TO HOLD DOWN EXPENDITURE IN THIS SECTOR, AND THE RISE IS LESS THAN THE OVERALL AVERAGE INCREASE IN OUTLAYS THIS YEAR.

4. TRANSPORT

IN THE TRANSPORT SECTOR, BUDGET ESTIMATES CALL FOR EXPENDITURES OF DOLS 787 MILLION. OUTLAYS FOR AIR TRANSPORT ACTIVITES ARE ESTIMATED AT DOLS 174.3 MILLION, AN INCREASE OF DOLS 6.7 MILLION OVER THE PREVIOUS YEAR. ROAD TRANSPORT EXPENDITURES ARE TO RISE BY SEVEN PERCENT TO DOLS 500 MILLION. THIS AMOUNT WILL BE MADE AVAILABLE TO THE STATE UNDER ROAD GRANTS. THE BUDGET ALSO ALLOWS DOLS 60 MILLION TO MEET EXPEXCTED OPERATING LOSSES OF THE AUSTRALIAN NATIONAL RAILWAYS (ANR). AN ADDITIONAL DOLS 32.6 MILLION IS ALLOTTED FOR ANR'S CAPITAL WORKS PROGRAM. THE BUDGET ALSO PROVIDES DOLS 60 MILLION FOR THE STATES TO USE TO UPGRADE URBAN PUBLIC TRANSPORT.

5. INDUSTRY ASSISTANCE

BUDGET ASSISTANCE TO FORESTRY AND FISHING INDUSTRY IS ESTIMATED TO REACH DOLS 11.8 MILLION, UP 195 PERCENT FROM THE PREVIOUS

YEAR. ASSISTANCE TO AGRICULTURAL AND PASTORAL INDUSTRIES WILL INCREASE BY 27 PERCENT, AND AID TO MINING AND MANUFACTURING AGENCIES WILL REACH DOLS 182.3 MILLION, AN INCREASE OF 38 PERCENT. ASSISTANCE TO OTHER INDUSTRIES IS EXPECTED T TOTAL DOLS 69.7 MILLION. THE BUDGET ALSO PROVIDES DOLS 20 MILLION AS THE COMMONWEALTH'S SHARE OF COSTS OF DEVELOPING THE RANGER URANIUM DEPOSITS. THE ATOMIC ENERGY COMMISSION EXPECTS TO RAISE A FURTHER DOLS 24 MILLION FOR THIS PROJECT THROUGH BORROWINGS.

6. OVERALL

TOTAL OUTLAYS FOR ALL SECTORS ARE EXPECTED TO INCREASE BY 7.7 PERCENT IN 1978/79. THIS REPRESENTS THE LOWEST INCREASE FOR THE PAST TEN YEARS, AND IT BARELY KEEPS PACE WITH LAST YEAR'S INFLATION RATE OF 7.9 PERCENT. THIS FURTHER POINTS UP THE UNCLASSIFIED

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AUSTERE NATURE OF THIS YEAR'S GOA BUDGET.
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